## Message Text

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**ORIGIN SP-02** 

INFO OCT-01 ARA-06 IO-13 ISO-00 OES-06 PM-04 ACDA-07 SS-15

SSO-00 FEA-01 CIAE-00 INR-07 L-03 NSAE-00 NSC-05

EB-07 NRC-05 DODE-00 ERDA-05 NSCE-00 INRE-00 OIC-02

PA-01 PRS-01 USIE-00 AF-08 EA-07 EUR-12 NEA-10 /128 R

DRAFTED BY S/P - JKAHAN
APPROVED BY IO - DR. MOREY
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OES - MR. BENGELSDORF (SUBS)
PM - MR. OPLINGER
ACDA - MR. VAN DOREN
D - MR. TICE
S/S:MR BRIDGES

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O R 162008Z SEP 76 FM SECSTATE WASHDC TO AMCONSUL RIO DE JANEIRO IMMEDIATE INFO USMISSION IAEA VIENNA

C O N F I D E N T I A L STATE 229595

FOR USDEL IAEA GENERAL CONFERENCE

E.O. 11652:GDS

TAGS: OCON, IAEA

SUBJECT: DIRECTOR GENERAL'S STATEMENT ON INTERNATIONAL STORAGE

REF: IAEA VIENNA 5048

1. CLOSER REVIEW OF DIRECTOR GENERAL EKLUND'S PREPARED SPEECH TO THE IAEA GENERAL CONFERENCE RAISES PROSPECT THAT HIS REFERENCE TO THE INTERNATIONAL PLUTONIUM STORAGE CONCONFIDENTIAL

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CEPT MIGHT DAMAGE OR AT LEAST COMPLICATE OUR POLICIES ON

THIS MATTER. IN PARTICULAR, THE DG'S REFERENCE TO THIS CONCEPT (PAGE 12 OF HIS STATEMENT) ALLUDES TO THE ROLE OF INTERNATIONAL STORAGE FOR SURPLUS PLUTONIUM AND DOES NOT RPT NOT INDICATE THE NEED FOR AN INTERNATIONAL REGIME FOR SPENT FUEL. THIS REFLECTS THE THRUST OF A PRELIMINARY AGENCY STAFF STUDY WHICH EMPHASIZES SURPLUS PLUTONIUM STORAGE AND GIVES MINIMAL CONSIDERATION TO INTERNATIONAL ARRANGEMENTS FOR SPENT FUEL STORAGE.

2. US POLICY ON INTERNATIONAL STORAGE IS TO HAVE SUCH A REGIME COVER SPENT FUEL AS WELL AS SEPARATED PLUTONIUM, SINCE A REGIME CONFINED TO LATTER COULD HAVE EFFECT OF CONDONING NATIONAL REPROCESSING AS LONG AS THE COUNTRY IN QUESTION AGREES TO PARTICIPATE IN AN INTERNATIONAL STORAGE

SYSTEM. THIS US POLICY WAS REFLECTED IN THE PAPER PRESENTED BY THE US TO THE LONDON NUCLEAR SUPPLIERS GROUP IN EARLY JUNE, AND IN SUBSEQUENT CONSULTATIONS WITH IAEA OFFICIALS (SEE REFTEL).

- 3. DEPT RECOGNIZES DIFFICULTY AT THIS LATE STAGE OF SEEK-ING TO ALTER PREPARED STATEMENT BY DG. HOWEVER, DEPT BELIEVES THAT THIS EFFORT SHOULD BE MADE IN THE SPIRIT OF COMMON INTEREST IN NON-PROLIFERATION AND ASSURING POSITIVE USG SUPPORT OF AN IAEA-SPONSORED PLUTONIUM STORAGE REGIME. EKLUND MIGHT BE APPROACHED ON THIS MATTER BY CITING OUR CONCERNS WITH THE DRAFT STAFF STUDY WHICH DOES NOT PLACE SUFFICIENT EMPHASIS ON SPENT FUEL STORAGE IN CONTRAST TO SEPARATED PLUTONIUM, AND OUR STRONG PREFERENCE THAT HE CONSIDER MODIFYING HIS PUBLIC STATEMENT ON THE STORAGE CONCEPT TO ACCOMMODATE A BALANCED INTERPRETATION CONSISTENT WITH US VIEWS.
- 4. IN PARTICULAR, YOU SHOULD PROPOSE TO EKLUND THAT HE MODIFY HIS STATEMENT ALONG THE FOLLOWING LINES:
- (A) REPLACE THE FIRST SENTENCE OF LAST PARA ON PAGE 12 WITH THE FOLLOWING: QUOTE DURING THE NEXT DECADE OR TWO, THE ACCUMULATION OF PLUTONIUM WILL BECOME AN INCREASING WORLD-WIDE PROBLEM UNQUOTE. THIS REMOVES REFERENCE TO SEPARATED CONFIDENTIAL

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PLUTONIUM AS THE ONLY FORM OF THIS MATERIAL OF CONCERN, AND ALSO REMOVE REFERENCES TO INEVITABILITY THAT SMALL REPROCESSING PLANTS WILL PROLIFERATE.

(B) MODIFY THE SECOND SENTENCE IN SAME PARA TO READ QUOTE BUT THE STATUTE IN ARTICLE XII.A.5 FORESEES THE POSSIBILITY OF ADDITIONAL MEASURES SUCH AS THE DEPOSIT WITH THE AGENCY OF SURPLUS PLUTONIUM, INCLUDING SPENT FUEL, IN

STORAGE FACILITIES UNDER AGENCY AUSPICES UNQUOTE. THIS RETAINS FLEXIBILITY TO INTERPRET STATUTE TO PERMIT THE IAEA TO PLAY A ROLE IN AN INTERNATIONAL SPENT FUEL STORAGE ARRANGEMENT.

(C) IN SECOND PARA ON SAFEGUARDS ON PAGE 14, REPLACE LAST PHRASE IN SENTENCE WITH QUOTE AGENCY BEING RESPONSIBLE FOR STORAGE OF PLUTONIUM IN ALL FORMS END QUOTE.

5. IF IT PROVES IMPOSSIBLE TO ALTER THE DG'S STATEMENT, YOU SHOULD OFFER THE FOREGOING US OBSERVATIONS AND RESERVATIONS TO EKLUND AND TO REPRESENTATIVES FROM THE COUNTRIES ASSOCIATED WITH THE LONDON SUPPLIERS GROUP, AND, AS APPROPRIATE, TO OTHER REPRESENTATIVES. HOPEFULLY, THE SPENT FUEL ASPECTS OF STORAGE WILL BE AT LEAST TOUCHED ON GENERALLY IN DR. SEAMAN'S ADDRESS TO THE GENERAL CONFER-

ENCE. FYI. USG PLANS TO ATTEMPT TO REORIENT THE IAEA STAFF STUDY THROUGH CONTACTS WITH THE AGENCY AND AT THE OCTOBER LONDON SUPPLIER'S WORKING GROUP. END FYI.

6. WITHOUT PREJUDICE TO OUR EMPHASIS TO THE FOREGOING, WE ALSO URGE YOU SEEK DELETION OF THE FIRST SENTENCE OF THE LAST PARA ON PAGE 20 OF DG STATEMENT, WHICH IS BOTH UNNECESSARY TO HIS POINT AND DAMAGING TO OUR COMMON EFFORTS TO GET NEW NPT PARTIES.

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: n/a Control Number: n/a Copy: SINGLE Draft Date: 16 SEP 1976 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED

Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE229595

Document Number: 1976STATE229595
Document Source: CORE
Document Unique ID: 00 **Drafter:** JKAHAN Enclosure: n/a Executive Order: GS

Errors: N/A

Film Number: D760350-0020

From: STATE

Handling Restrictions: n/a

Image Path:

Legacy Key: link1976/newtext/t19760952/aaaabsfv.tel Line Count: 143 Locator: TEXT ON-LINE, ON MICROFILM

Office: ORIGIN SP Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a
Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: 76 IAEA VIENNA 5048 Review Action: RELEASED, APPROVED Review Authority: KelleyW0

Review Comment: n/a Review Content Flags: Review Date: 25 MAR 2004

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <25 MAR 2004 by ShawDG>; APPROVED <05 AUG 2004 by KelleyW0>

**Review Markings:** 

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MÁY 2006

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: DIRECTOR GENERAL'S STATEMENT ON INTERNATIONAL STORAGE

TAGS: OCON, IAEA To: RIO DE JANEIRO

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006